

**MINUTES
of the
SIXTH MEETING IN 2007
of the
WELFARE REFORM OVERSIGHT COMMITTEE**

**November 26-28, 2007
Room 322, State Capitol**

The sixth meeting of the Welfare Reform Oversight Committee (WROC) was called to order by Representative Luciano "Lucky" Varela, vice chair, on Monday, November 26, 2007, at 10:25 a.m. in Room 322 of the State Capitol in Santa Fe. Handouts are in the meeting file.

Present

Sen. Linda M. Lopez, Chair
Rep. Luciano "Lucky" Varela, Vice Chair
Sen. Sue Wilson Beffort
Sen. Dianna J. Duran
Sen. Clinton D. Harden, Jr.
Sen. Gerald Ortiz y Pino (11/27, 11/28)
Sen. John Pinto
Rep. Nick L. Salazar
Rep. Jim R. Trujillo
Rep. Shirley A. Tyler
Rep. Gloria C. Vaughn (11/27, 11/28)

Absent

Rep. Antonio Lujan

Advisory Members

Rep. Candy Spence Ezzell (11/26)
Rep. Miguel P. Garcia (11/26, 11/27)
Rep. Larry A. Larrañaga (11/26, 11/27)
Rep. Edward C. Sandoval (11/26, 11/27)

Sen. Ben D. Altamirano
Rep. Daniel R. Foley
Rep. Steven P. Neville
Sen. John C. Ryan

Other Legislators

Speaker of the House Ben Lujan (11/27)

(Attendance dates are noted for those members not present for the entire meeting.)

Staff

Jennie Lusk
Carrie McGovern

Guests

The guest list is in the meeting file.

Monday, November 26

Changes in the Agenda for the November WROC Meeting

The health coverage reform briefing the committee requested as a November agenda item was scheduled but then postponed, because legislators will be able to attend a briefing on December 17, 2007. The domestic violence questions posed by the committee to the Children, Youth and Families Department (CYFD) were answered via mail. The department's response is in the meeting file.

Central New Mexico Community College (CNM)

Achievement coaches Ana Lynn Hall and Kim Jeffries briefed the committee on CNM's degree programs, short courses, certificates and distance learning opportunities, noting that the institution is the second largest post-secondary school in the state, with 160 programs offered to 28,000 students. Some 70% of CNM students attend part-time, the majority are women and of minority affiliation and the average age is 29 years old. The college offers emergency scholarships, including help with food, shelter and even car repairs if need be. The college reports a 98% job placement rate for its graduates.

Special foundation-funded programs exist for financial literacy and reading for construction trades. Through the Annie E. Casey-funded Center for Work and Families at CNM, students can receive financial education, receiving a four-to-one match for participation in individual development account savings plans. According to the presenters, financial problems are the primary reason that students have difficulty at school, as 50% have acknowledged they are unable to pay a debt and are unable to meet their monthly bills. The school also offers the "breaking through" program sponsored by the Moss Foundation, for those interested in construction skills who have achieved only a fourth- to eighth-grade reading level.

Legislators made several significant suggestions — among them that the college "bundle" its programs to appeal to employers by offering tax credits with training programs; that the school work closely with the new Workforce Solutions Department (WSD) and that CNM coordinate closely with the University of New Mexico health care clinics for provision of health care rather than encouraging uninsured students to seek emergency room care.

Human Services Department Review

Katie Falls, deputy secretary of the Human Services Department (HSD), organized presenters and presentations on a number of topics related to the department's 2007 achievements, its budget for fiscal year 2009 and its efforts to address legislative concerns raised in recent years.

She and Cathy Sisneros, bureau chief, Work and Family Support Bureau, HSD, discussed the HSD's plans for the Low Income Home Energy Assistance Program (LIHEAP), which received a \$6 million appropriation in the last fiscal year. During the current heating year, the department has expedited application processes so that those whose applications are complete can waive the remainder of the interviews that used to

be required. The department has focused its efforts on rural outreach, in part to reflect the priorities expressed by the WROC last year. It has taken the \$6 million appropriation from state general funds to make \$300 payments for propane that, when matched with a \$134 average payment, will be adequate to get delivery of a tank of propane for the state's rural customers. People who live in cities and do not need propane will get only the federal LIHEAP funds to offset heating costs.

The department has requested no state funds for LIHEAP in fiscal year 2009, reflecting the governor's priorities of addressing health care for the uninsured and a substantial Medicaid request in the coming session. Committee members expressed puzzlement over the lack of a request for state funds for LIHEAP, especially because the legislature had a special session two years ago devoted entirely to finding ways to help New Mexico's poor fund their utilities.

Ms. Falls reviewed the department's Medicaid Enrollment Pilot Project, which has increased both the numbers of those able to stay enrolled and those enrolling for the first time. Ms. Falls cautioned the committee about concerns with a Medicaid enrollment simplification draft bill endorsed by the Legislative Health and Human Services Committee (LHHS) at its final interim meeting, noting that a hefty appropriation would be required to implement such a change in procedures for disenrolling clients.

Members of the department's Medicaid outreach team, Kathy Slater-Huff, Laura Montoya, Andre Jackson and Melissa Goodman, were introduced by Bob Beardsley, deputy director of the Medicaid Assistance Division of the HSD. The team has traveled to 26 of 33 counties for outreach and enrollment events, averaging 183.5 persons per month in enrollments. Ms. Falls, on questions by committee members, said that the department intends to enroll 57,000 more children in the coming year.

Ms. Falls covered the department's plan to increase cash assistance payments by 15% because Temporary Assistance for Needy Families (TANF) program rolls are decreasing and there is an estimated \$47 million in carryforward funds available for cash assistance, support and administrative services. Ms. Falls noted that the department has started two new programs that will affect the bottom line: employment programs that will provide state funding for persons no longer eligible for federal assistance because of their inability to meet work guidelines and an income disregard of \$200 rather than only \$100 for working families. The department's current budget does not request more funds for these additional programs. Committee members discussed other priorities for use of the funds, suggesting that the funding go to increases for LIHEAP, adult basic education, teen pregnancy and domestic violence programs. They asked Ms. Falls to provide estimates for costs of such programs.

Finally, Ms. Falls talked about TANF children in the care of grandparents. In September, there were 13,784 cases, 5,104 of them "child-only". Of the 5,104 cases,

1,118 involved children living with grandparents, for a total of 1,927 grandchildren. There are 52 instances where a grandparent is the head of the household and another couple of hundred where a parent is a minor raising a child in the grandparent's home. If a grandparent is the legal guardian of a child, the grandparent's income counts toward determining eligibility. When Senator Lopez expressed concerns that foster grandparents can receive state funds for rearing a child, yet lose them if they become legal guardians, Ms. Falls said the primary complaint seems to be the access to subsidized child care rather than cash assistance. Dan Harris, deputy director of early care for the CYFD, said his department shares Senator Lopez's concerns and had responded by exempting grandparents from copayments for child care.

ValueOptions

Ms. Falls joined Bill Belzner, deputy chief executive officer of the state's Behavioral Health Collaborative (BHC), to discuss both the structure of the service delivery for behavioral health and specific substance abuse services, noting that the WROC's concerns about monitoring the state's \$400 million contract with ValueOptions were well-taken. ValueOptions' lack of responsiveness, especially in responding to timely payment of claims, has been a problem as has the company's management of federal grants. The department has delegated oversight to Mr. Belzner and Linda Roebuck, CEO of ValueOptions. They found that ValueOptions had been found not to be in compliance with the payment of claims, but it is now paying daily instead of weekly and is also paying electronically. Monitoring will continue until the company is compliant. Mr. Belzner also acknowledged that there had been miscommunication among the company, providers and the department; he offered to provide a list of providers to committee members.

Charles Sallee, Legislative Finance Committee (LFC) performance evaluator who reported last year on the behavioral health services system in New Mexico, said that revisions to the structure of the behavioral health collaborative had been recommended. Last year, the legislature passed and the governor vetoed a bill that would have established a consolidated budget, rulemaking authority and a system of reporting to LFC for the BHC.

Ms. Falls agreed to provide the following information for the committee:

- the mechanism used for drawing down federal dollars;
- a report on interest paid to providers from day one of the ValueOptions contract;
- a report on the total number of persons served both prior to and within the contract with ValueOptions;
- a list of the 19 providers that closed over the past two years;
- a community-identified list of rate increases;
- a rate equalization plan; and
- information on the state's ability to provide information systems data.

The committee recessed at 5:10 p.m.

Tuesday, November 27

Vice Chair Varela reconvened the meeting at 9:20 a.m.

Restrictions on Driver's Licenses for Child Support Arrears

Ken Ortiz, director of the Motor Vehicle Division of the Taxation and Revenue Department, reviewed with the committee the statutory authority to suspend a driver's license for a person who is not in compliance with a child support order. Charissa Saavedra, director of the Child Support Enforcement Division of the HSD, discussed the opportunities a noncustodial parent has for forgiveness of arrearages. She agreed to provide a copy of the yearly report of the Child Support Enforcement Division and noted that since 1995, the department has collected \$15.8 million through various types of license suspensions and an average of \$133,580 per month in lump-sum payments.

Medicaid Recertification and Its Impact on Working Families

Gail Evans, legal director, and Kim Posich, executive director, New Mexico Center on Law and Poverty, returned to persuade the committee that the HSD's policy of closing cases without an individualized review, or "autoclosure", affects the poorest of New Mexicans. Of the state's estimated 400,000 uninsured persons, they estimate that one-half are families eligible for Medicaid but not enrolled. The two asserted that during the past summer, fewer children were enrolled in Medicaid than when the governor took office. While the center approves of the current pilot enrollment project detailed by Ms. Falls on the first day of the WROC meeting, it continues to advocate statutory changes requiring an in-person review in order to minimize the impact on children who are otherwise eligible, especially because some children could be disenrolled by error. While the representatives acknowledged that a court has held that autoclosure is legal, they maintain that it is not necessary or right and argue that federal statute does not require automatic closure of cases.

Representative Varela said that the HSD needs more caseworkers, as the LFC still sees reports of 10% to 15% vacancy rates. However, if the department's priority is not to hire more people, a larger appropriation alone will not solve the problem.

Workforce Solutions Department

Betty Sparrow-Doris, secretary, WSD, and Raymond Gonzales, deputy secretary, WSD, reviewed the new department's accomplishments since it came into being over the summer. Among the major points, the secretary noted that through computer linkages, the department can now list 27,000 jobs rather than 1,200 to 1,500 per month. There are three fully integrated job placement centers in Albuquerque, Portales and Las Cruces. The secretary is trying to align the department's goals with those of the Higher Education Department (HED) and to build better systemic ways to address problems of

finding good employees for business and finding good jobs for would-be employees.

The discussion focused on changes to the local workforce boards, the lack of integration or articulation between community colleges and the WSD and the need for the department to ensure that businesses are aware of tax credits and programs available for putting people to work. Especially with anticipated layoffs at Los Alamos, the state will need to be prepared with good communication between employers and employees. The department is also in the process of awarding funds for creation of individual development accounts (see the department's web site at <http://www.workinnewmexico.gov/dws-FOA.html>). The department is requesting a \$250,000 recurring appropriation for the accounts.

Children, Youth and Families Department

Secretary of Children, Youth and Families Dorian Dodson reported on several items of interest to the committee, noting that child abuse and neglect will be expected to rise with layoffs. Because the department has met many of its goals, it is beginning to change performance standards, but only gradually, so legislators should continue to be able to track changes across budget years.

Among the department's goals this year are improving the number of quality daycare centers, recruiting more foster parents and increasing eligibility for child care from 165% to 200% of the federal poverty level. The department's base expansion is 4.7% or approximately \$9 million in new money. The secretary noted that the vacancy rate is 6.5% and retention of staff remains a problem.

Asked about a recent American Civil Liberties Union (ACLU) lawsuit against the department, the secretary said that provisions of the settlement signed February 15, 2006 have been fulfilled, and the department maintains it is in compliance with the settlement.

The secretary talked about the Pegasus Program to support grandparents as parents and said she has a request for expansion of the program.

Higher Education Department Report

Secretary of Higher Education Reed Dasenbrock, Pam Etre-Perez, adult basic education director, and Brandon Trujillo from the HED reported that the HED's budget request would include a \$4 million expansion for adult basic education. Last year, the department served 20,043 students at 28 sites, 85% of them minority students and 60% of them over 25 years old. Of these, only 10% had ninth to twelfth grade skills. The department is serving only 5% of the eligible population; it spends \$504 per student as opposed to approximately \$7,000 per student in public education.

This year, the department's "get ready" plan will cause a shift in emphasis: the design of adult basic education services will be to enhance services for a smaller number

of students. The department plans to fund 10 established sites at \$350,000 each, allowing each site to give a comprehensive education for students through award of a general education diploma (GED).

Noting that New Mexico has the nation's highest percentage of persons raised in homes where the first language is not English, the secretary talked about opportunities to work within high schools for dual enrollment, and said agreements are almost in place to get such opportunities throughout the state. Ms. Etre-Perez reported that TANF students are still enrolled in GED programs, and that many of the students are TANF-eligible. The committee recessed at 4:40 p.m.

Wednesday, November 28

Senator Lopez reconvened the committee at 10:20 a.m.

Report from HSD on Items Requested by the Committee

Ms. Falls returned to follow up with the committee on potential ways to move funds available because of reduced TANF caseloads. She cautioned the committee members against spending carryforward money and reminded them that doing so several years ago had caused deep cuts in subsequent years. She also said that the department would prefer to have some money available in case it erred in budgeting for state takeover of clients no longer able to meet federal work requirements. Senator Lopez noted that Ms. Falls had reported that there is an excess of 15% that the department is budgeting for expending on its own agenda and suggested that the department request the 15% increase, but that the committee should also endorse specific, nonrecurring appropriations for teen pregnancy, adult basic education and LIHEAP programs, among others. Representative Trujillo agreed with Senator Lopez, but added that homelessness is also an issue requiring extra funding during the coming session. Senator Ortiz y Pino suggested that the appropriation include expansion of the current Bernalillo County Metropolitan Court Homelessness Prevention Program statewide.

Ruth Hoffman, executive director of the Lutheran Office of Governmental Ministry (LOGM), expressed concern that the requested funding would not be adequate to keep people on TANF who no longer satisfy federal requirements.

By consensus, the committee agreed to make one-time appropriations in addition to the HSD budget for homelessness, domestic violence, teen pregnancy and adult basic education and to devote state general fund dollars to LIHEAP and the Education Works Program.

Endorsements

The committee made the following endorsements:

- an expansion request for adult basic education, GED and English as a second

- language (ESL) programs in the amount of \$4 million, sponsored by Representatives Salazar and Vaughn;
- a memorial implementing a housing first approach for homelessness prevention and relief, sponsored by Senator Ortiz y Pino and Representative Vaughn as well as a bill to reorganize delivery of homelessness services statewide, sponsored by Senator Ortiz y Pino;
 - an appropriation for tribal TANF programs, including \$1 million to the Navajo Nation and \$500,000 for the Pueblo of Zuni, sponsored by Senator Pinto;
 - subsidizing hunting and fishing licenses for persons who receive public assistance, sponsored by Representative Garcia;
 - a \$500,000 general fund appropriation to the teen pregnancy coalition, sponsored by Senator Lopez and Representative Vaughn;
 - a \$500,000 appropriation for the Education Works Program, sponsored by Senator Lopez;
 - a \$10 million appropriation for LIHEAP, sponsored by Representative Sandoval; and
 - a bill revising the BHC's statutory authority and requiring it to promulgate rules and submit, through HSD, a unitary budget.

The HSD agreed to work with the LFC to shift federal dollars to identify more funding for a study of TANF enrollment and welfare reform results in the previous decade for the committee's use in its final year; to identify additional means of funding homelessness, domestic violence, teen pregnancy prevention, adult basic education, GED and ESL programs. The committee endorsed a separate general fund appropriation for the Education Works Program at \$500,000.

Ms. Falls agreed to send committee members an update on supplemental payments for food items for the elderly, food commodities and food stamps. Representative Varela again requested a consolidated plan to address homelessness on a statewide level.

Senator Lopez introduced her idea of requiring the creation of a domestic violence and sexual assault prevention coordinator position in statute, assuring that someone would be available to coordinate information among agencies, the Governor's Office and legislators, but withdrew it from consideration as an endorsement item because more discussion on available programs may make such a position unnecessary.

In a discussion with Ms. Falls, Senator Lopez suggested following the current sanctions process for persons who have received notice but have not been responsive under the New Mexico Works Act to craft a similar piece of legislation simplifying the Medicaid process for eliminating those no longer eligible from its rolls. Ms. Falls asserted that the pilot program and a redesign of the system should make any statutory changes unnecessary, but agreed to work with Legislative Council Service staff, LFC

staff and New Mexico Center on Law and Poverty staff to craft a bill accomplishing the committee's desired end of simplifying the HSD processes for enrollment and recertification. That bill will be circulated to committee members for endorsement.

Ms. Hoffman noted that the TANF caseload was down 20% over the past 18 months and said no one knows why. She and the committee agreed that a study is in order, particularly since the WROC sunsets in the coming calendar year and it should be clear whether the state's efforts to reform the system have been successful.

Minutes

On motion of Representative Varela, seconded by Representative Vaughn, the minutes of the previous meeting were accepted as circulated.

Adjournment

The committee adjourned at 12:05 p.m.